Legislative Activity Following the 2010 Tax Credit Review Commission Report

The following memorandum outlines legislative activity following the 2010 Tax Credit Review Commission (TCRC) Report. For ease of reference, the legislative activity is organized by TCRC Committee with descriptions of the relevant TCRC recommendations.

GLOBAL ISSUES –

Sunset Provisions

- 2 Year Sunset – Banking and Insurance Tax Credits
- 4 Year Sunset – Distressed Communities, Economic Development, Agriculture and Environment Tax Credits
- 6 Year Sunset – Historic Preservation, Low Income Housing, Social/Contribution Tax Credits

2011 LEGISLATION –

Senate Bill 185 (Senator Purgason) – Imposed a sunset of January 1, 2013, upon all tax credit programs which as of the effective date of the legislation were not subject to the provisions of the sunset act. The bill allowed tax credits to be issued and redeemed for projects authorized prior to the sunset date. The bill was referred to the Senate Ways and Means and Fiscal Oversight Committee, but failed to receive a hearing.

Senate Bill 259 (Senator Kraus) – Subjected all tax credit programs to the sunset provisions recommended by the TCRC. The bill was referred to the Senate Ways and Means and Fiscal Oversight Committee, but failed to receive a hearing.

Senate Bill 280 (Senator Purgason) – The introduced version of the bill subjected all tax credit programs to the sunset provisions recommended by the TCRC. The Senate Committee Substitute for the bill removed provisions imposing sunsets on the bank and insurance tax credits and reduced the sunsets on distressed communities, and agriculture and environment tax credits by one year (August 28, 2014) while reducing the sunset on historic preservation, low income housing, and social contribution credits by two years (August 28, 2015). The Senate Substitute maintained the sunset provisions contained in the Senate Committee Substitute, but failed to receive approval from the full Senate.

House Bill 116 (Representative Flanigan) - Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include the sunset provisions contained in the Senate Committee Substitute and Senate Substitute versions of Senate Bill 280 (above). The bill was third read and passed by the Senate, but died in conference.

2011 Special Session –

Senate Bill 2 (Senator Purgason) – The bill subjected the MDFB Bond Guaranty Tax; MDFB Infrastructure; Family Farm Breeding Livestock; Agricultural Product Utilization; New Generation Cooperative; Qualified Beef; and Wine and Grape Tax Credits to sunsets of August 28, 2014. A sunset of August 28, 2015, was imposed on all social tax credit programs. The Quality Jobs Act; Enhanced Enterprise Zone; Business Facility; and BUILD tax credits were subjected to a sunset of August 28, 2017 and the Low Income Housing, Historic Preservation, and Brownfield tax credits were given sunsets of August 28, 2018. The bill was referred to the Senate Jobs, Economic Development and Local Government Committee, but did not receive a hearing.

Senate Bill 3 (Senator Purgason) – The bill provided the same sunsets as those contained in Senate Bill 2, with the exception of the sunsets on the business development tax credits due to the inclusion of the Compete Missouri Program provisions in the bill. As such the Quality Jobs Act; Enhanced Enterprise Zone; Business Facility; and BUILD tax credits would have sunset on the effective date of the act. The bill was referred to the Senate Jobs, Economic Development and Local Government Committee, but did not receive a hearing.

Senate Bill 8 (Senator Mayer) - The introduced, Senate Committee Substitute, and Perfected versions of the bill contained the same sunset provisions as Senate Bill 3 (above). The House Committee Substitute removed all sunset provisions contained in the Senate versions of the bill except for the August 28, 2015 sunsets for: the Pregnancy Resource Center; Residential Treatment Agency; Food Pantry; Children in Crisis; Public Safety Surviving Spouse; and Residential Dwelling Access tax credits. The bill was third read and passed, but the House and Senate failed to agree on a final version of the bill.

2012 Legislation –

Senate Bill 548 (Senator Purgason) – The introduced version of the bill was similar to Senate Bill 185 (2011) in that imposed the same length of sunsets on programs that were not currently subject to a sunset provision. The Senate Committee Substitute incorporated the provisions of the Perfected version of Senate Bill 8 from special session. The bill failed to pass the Senate.

<u>Monetization or “Buy-Back” of Tax Credits</u>

- Exchange of Outstanding Low-Income Housing Tax Credits –
  The TCRC recommended that the MHDC be authorized to exchange a transferrable certificate in lieu of a previously-allocated Low Income Housing Tax Credit. The amount of the transferrable credit would be less than the allocation, enabling the State to redeem the credit at a discount.

  No legislative activity.

- Dutch/Reverse Auction –

The TCRC recommended that the General Assembly establish and fund a Tax Credit Acquisition Program ("TCAP") for the State to voluntary repurchase outstanding state tax credits at a discount using an electronic auction format.

No legislative activity.

Program Elimination/Consolidation/Reduction

The TCRC recommended that 28 tax credit programs be consolidated, eliminated, or not reauthorized.

2011 LEGISLATION –

Senate Bill 256 (Senator Kraus) – Repealed the Wine and Grape Production Tax Credit, The Charcoal Producers Tax Credit, Wood Energy Tax Credit, Self-Employed Health Insurance Tax Credit, Rebuilding Communities Tax Credit, Film Production Tax Credit, and Railroad Rolling Stock Tax Credit. The bill also repealed the Small Business Incubator Tax Credit, although the Commission had recommended replacing the Small Business Incubator Tax Credit with a grant program. The repeal of the tax credit programs did not provide provisions specifically allowing for the issuance of or redemption of credits that were authorized prior to the repeal. The bill was referred to the Senate Ways and Means and Fiscal Oversight Committee, but did not receive a hearing.

Senate Bill 280 (Senator Purgason) – The introduced version of the bill repealed all of the tax credit programs contained in Senate Bill 256 (referenced above) in addition to the renter's credit provided under the property tax credit program, and the jobs and investments credit under the Brownfield Remediation Program. The Senate Committee Substitute removed the provisions repealing the Film Production Tax Credit from the bill. The Senate Substitute placed a $200,000 annual cap on the Wine and Grape Tax Credit and sunset the program effective August 28, 2014. The Senate Substitute failed to pass the Senate.

House Bill 116 (Representative Flanigan) – Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include same provisions contained in the Senate Substitute for Senate Bill 280 (above). The bill was third read and passed by the Senate, but died in conference.

2011 Special Session –

Senate Bill 2 (Senator Purgason) – The bill repealed the Charcoal Producers, Self-employed Health Insurance; and Health Care Access Fund tax credits. The bill also prohibited the authorization of Neighborhood Preservation Act; Development; Brownfield Jobs and Investment; Small Business Incubator; and Rebuilding Communities Tax Credits after the effective date of the act. The bill was referred to the Senate Jobs, Economic Development and Local Government Committee, but did not receive a hearing.

Senate Bill 3 (Senator Purgason) - The bill repealed the Charcoal Producers, Self-employed Health Insurance; and Health Care Access Fund tax credits. The bill also prohibited the authorization of Neighborhood Preservation Act; Development; Brownfield Jobs and Investment; Small Business Incubator; MDFB Infrastructure Contribution; and MDFB Bond Guarantee Tax Credits after the effective date of the act. The bill was referred to the Senate Jobs, Economic Development and Local Government Committee, but did not receive a hearing.

Senate Bill 8 (Senator Mayer) - The introduced version of the bill repealed the Charcoal Producers, Self-employed Health Insurance, and Health Care Access Fund tax credits and prohibited the authorization of: Neighborhood Preservation Act; Development; Brownfield Jobs and Investment; and Small Business Incubator Tax Credits after the effective date of the act. The Perfected version of the bill added provisions which prohibited the authorization of the MDFB Bond Guarantee and Infrastructure Development Contribution Tax Credits after the effective date of the act. The House Committee Substitute removed the provisions prohibiting authorization of the MDFB and Small Business Incubator Tax Credits from the bill, but retained the other provisions repealing or prohibiting authorizations of tax credits. The bill was third read and passed in the House, but the House and Senate failed to agree on a final version of the bill.

Elimination/Modification of Carryforward or Carryback Features

The TCRC recommended the carryback for Historic be reduced from 3 to 1 year, for Low Income Housing reduced from 3 to 2 years, and eliminated for all other credits, and the carryforward for Historic Preservation Tax Credits be reduced from 10 to 5 years for any credit that is transferred.

2011 LEGISLATION –

Senate Bill 280 (Senator Purgason) – The Senate Committee Substitute for SB 280 included the TCRC recommended reductions to the carryforward and carryback provisions of the Historic Preservation Tax Credit and reduced the carryback for the Low Income Housing Tax Credit from 3 years to 2 years. The provisions were also in the Senate Substitute version, which failed to pass the Senate.

House Bill 116 (Representative Flanigan) - – Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include same provisions contained in the Senate Substitute for Senate Bill 280 (above). The bill was third read and passed by the Senate, but died in conference.

2011 Special Session –

Senate Bill 2 (Senator Purgason) – The bill reduced the carry-forward and carry-back provisions of the Historic Preservation and Low Income Housing Tax Credits in accordance with the Commission's recommendations. The bill was referred to the Senate Jobs, Economic Development and Local Government Committee, but did not receive a hearing.

Senate Bill 3 (Senator Purgason) – The bill reduced the carry-forward and carry-back provisions of the Historic Preservation and Low Income Housing Tax Credits in accordance with the Commission's recommendations. The bill was referred to the Senate Jobs, Economic Development and Local Government Committee, but did not receive a hearing.

Senate Bill 8 (Senator Mayer) - The bill was introduced and passed through the Senate and House with provisions that reduced the carry-forward and carry-back provisions of the Historic Preservation and Low Income Housing Tax Credits in accordance with the Commission's recommendations. The bill was third read and passed in the House, but the House and Senate failed to agree on a final version of the bill.

AGRICULTURE AND ENVIRONMENT TAX CREDITS –

Family Farm Breeding Livestock Program

The TCRC recommended the program be restructured by tying the credit to the purchase price of the breeding livestock and limiting the credit to 7.0% of the total qualifying purchase.

2011 Legislation –

Senate Bill 280 (Senator Purgason) – Although the introduced version only contained a provision imposing the TCRC recommended sunset on the Family Farm Breeding Livestock Program, the Senate Committee Substitute added provisions which restructured the program in accordance with the TCRC recommendation. The same provisions were contained in the Senate Substitute, which failed to pass the Senate.

House Bill 116 (Representative Flanigan) – Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include same provisions contained in the Senate Substitute for Senate Bill 280 (above). The bill was third read and passed by the Senate, but died in conference.

2011 Special Session –

Senate Bill 8 (Senator Mayer) – The bill was introduced and passed through the Senate with provisions that restructured the program in accordance with the Commission's recommendations. The provisions were removed from the bill in the House Committee Substitute. The bill was third read and passed in the House without the provisions restructuring the program, but the Senate and House failed to agree on a final version of the bill.

Wine and Grape Production Tax Credit

The TCRC recommended that the Wine and Grape Tax Credit be eliminated.

2011 Legislation –

Senate Bill 256 (Senator Kraus) – Repealed the program, but did not contain provisions which would have allowed the issuance or redemption of tax credits authorized prior to the effective date of the repeal. The bill failed to receive a hearing in the Senate.

Senate Bill 280 (Senator Purgason) – The introduced and Committee Substitute versions of the bill contained provisions repealing the Wine and Grape tax credit identical to those contained in Senate Bill 256, but the provisions were removed in the Senate Substitute and replaced with a $200,000 annual cap on authorizations and a sunset date of August 28, 2014. The Senate Substitute failed to pass the Senate.

House Bill 116 (Representative Flanigan) - – Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include same provisions contained in the Senate Substitute for Senate Bill 280 (above). The bill was third read and passed by the Senate, but died in conference.

2011 Special Session –

Senate Bill 8 (Senator Mayer) - The bill was introduced and passed the Senate with provisions limiting annual authorization of Wine and Grape Production Tax Credits to no more than $200,000 and imposing a sunset of January 1, 2014. The sunset provision was removed in the House Committee Substitute, but the $200,000 annual cap was retained. The bill was third read and passed in the House with the annual cap and no sunset, but the Senate and House failed to agree on a final version of the bill.

<u>Qualified Beef Tax Credit</u>

The TCRC recommended that the program be subject to a sunset of December 31, 2013.

2011 Legislation –

Senate Bill 280 (Senator Purgason) - Although the introduced version of the bill did not modify the Qualified Beef Tax Credit, the Senate Committee Substitute imposed a Sunset of August 28, 2014, on the program. The Senate Substitute contained the same sunset provision, but failed to pass the Senate.

House Bill 116 (Representative Flanigan) - – Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include same provisions contained in the Senate Substitute for Senate Bill 280 (above). The bill was third read and passed by the Senate, but died in conference.

2011 Special Session –

Senate Bill 8 (Senator Mayer) – The bill was introduced and passed through the Senate with provisions that imposed a sunset of August 28, 2014 on the program. The provisions imposing the sunset were removed in the House Committee Substitute. The bill was third read and

passed in the House without the sunset provision, but the Senate and House failed to agree on a final version of the bill.

Charcoal Producers Tax Credit

The TCRC recommended that the Charcoal Producers Tax Credit not be reauthorized.

2011 Legislation –

Senate Bill 256 (Senator Kraus) – Repealed the program, but did not contain provisions which would have allowed the issuance or redemption of tax credits authorized prior to the effective date of the repeal. The bill failed to receive a hearing in the Senate.

Senate Bill 280 (Senator Purgason) – All three versions of the bill repealed the program in the same manner as Senate Bill 256, but the final (Senate Substitute) version failed to pass the Senate.

House Bill 116 (Representative Flanigan) – Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include same provisions contained in the Senate Substitute for Senate Bill 280 (above). The bill was third read and passed by the Senate, but died in conference.

2011 Special Session –

Senate Bill 8 (Senator Mayer) – The bill was introduced and passed the Senate and House containing provisions repealing the Charcoal Producer Tax Credit, but the Senate and House failed to agree on a final version of the bill.

Alternative Fuel Stations Tax Credit

The TCRC recommended that if reauthorized, the General Assembly should consider expanding the applicability to include electric vehicle infrastructure and continue the annual $1 million cap to ensure budget predictability.

No legislative activity.

Wood Energy Tax Credit

The TCRC recommended the termination of the tax credit during the 2011 legislative session rather than waiting for it to sunset in 2013.

2011 Legislation –

Senate Bill 256 (Senator Kraus) – Repealed the Wood Energy Tax Credit but did not contain provisions which would have allowed the issuance or redemption of tax credits authorized prior to the effective date of the repeal. The bill failed to receive a hearing in the Senate.

Senate Bill 280 (Senator Purgason) – The introduced version of the bill repealed the Wood Energy Tax Credit in the same manner as Senate Bill 256, however the provisions were removed in the Senate Committee Substitute and were not replaced in the Senate Substitute.

<u>Agriculture Product Utilization Contributor/New Generation Cooperative Incentive</u>

The TCRC recommended combining the two programs with an annual cap of $6 million with discretion to MASBDA to allocate credits to projects eligible under either program that provide the greatest return on investment to the State, including by providing the least amount necessary. In addition, both programs would be modified to explicitly require that they be utilized in rural areas.

2011 Legislation –

Senate Bill 280 (Senator Purgason) – The introduced version of the bill only imposed sunsets of August 28, 2015 upon the two programs. The Senate Committee Substitute incorporated all of the Commission's recommendations relative to the two programs which remained in the Senate Substitute

House Bill 116 (Representative Flanigan) – Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include same provisions contained in the Senate Substitute for Senate Bill 280 (above). The bill was third read and passed by the Senate, but died in conference.

2011 Special Session –

Senate Bill 8 (Senator Mayer) – The bill was introduced and passed through the Senate with provisions incorporating all of the Commission's recommendations regarding the Agriculture Product Utilization Contributor and New Generation Cooperative Tax Credits. The provisions were removed from the bill in the House Committee Substitute and the bill was third read and passed by the House without such provisions. The Senate and House failed to agree on a final version of the bill.

<u>BANKING AND INSURANCE TAX CREDITS –</u>

<u>Self-Employed Health Insurance Tax Credit</u>

The TCRC recommended that the tax credit be eliminated.

2011 Legislation –

Senate Bill 256 (Senator Kraus) – The bill repealed the Self-Employed Health Insurance Tax Credit in accordance with the recommendations of the Commission. The bill failed to receive a hearing in the Senate.

Senate Bill 280 (Senator Purgason) – All three versions of the bill repealed the tax credit in accordance with the Commission's recommendation. The Senate Substitute failed to pass the Senate.

House Bill 116 (Representative Flanigan) – Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include same provisions contained in the Senate Substitute for Senate Bill 280 (above). The bill was third read and passed by the Senate, but died in conference.

2011 Special Session –

Senate Bill 8 (Senator Mayer) – The bill was introduced and passed through the Senate and House with provisions repealing the Self-Employed Health Insurance Tax Credit, but the Senate and House failed to agree on a final version of the bill.

<u>All other Banking and Insurance Tax Credits</u>

The TCRC believed that the Bank Franchise, Bank Tax Credit for S Corps, Examination Fee, Health Insurance Pool , Life and Health Insurance Guaranty, and Property and Casualty Insurance Guaranty tax credits were a feature of Missouri's overall tax structure, rather than a true "tax credit". The Commission recommended the General Assembly consider evaluating such credits in the context of Missouri's overall tax structure to determine effectiveness.

2011 Legislation –

Senate Bill 280 (Senator Purgason) – The introduced version of the bill imposed the sunsets recommended by the Commission on all banking and insurance tax credits. The sunset provisions on banking and insurance tax credits were removed in the Senate Committee Substitute and were not replaced in the Senate Substitute version.

DISTRESSED COMMUNITIES TAX CREDITS –

<u>Brownfield Jobs/Investment</u>

The TCRC recommended the elimination of the tax credit which would result in estimated cost savings to the State of approximately $100,000 annually.

2011 Legislation –

Senate Bill 280 (Senator Purgason) – All three versions of the bill repealed the Brownfield Jobs/Investment Credit, but the Senate Substitute failed to pass the Senate.

House Bill 116 (Representative Flanigan) - Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include the repeal of the

Brownfield Jobs/Investment tax credits contained in Senate Bill 280. The bill was third read and passed by the Senate, but died in conference.

2011 Special Session –

Senate Bill 8 (Senator Mayer) – The bill was introduced and passed through the Senate and House with provisions repealing the Brownfield Jobs/ Investment Tax Credit, but the Senate and House failed to agree on a final version of the bill.

Brownfield Remediation

The TCRC recommended:

- The imposition of a $25 million annual cap on tax credit authorizations;
- The reduction of the amount of the credit for soft costs from 100% to 25%;
- A Prohibition on stacking of multiple state incentives unless there is a positive fiscal impact to the State;
- Requiring a positive return on investment to the State over a period of six years; and
- The imposition of statutory clawbacks requiring repayment of the value of the credits if the estimated jobs and investment does not occur.

2011 Legislation –

Senate Bill 280 (Senator Purgason) – The introduced version of the bill contained provisions reducing the amount of the credit for soft costs from 100% to 25% and imposed a statutory clawback granting the director of the department of economic development the discretion to terminate, suspend, or revoke tax incentives if the estimated jobs and investment did not occur. The Senate Committee Substitute contained the same provisions and added provisions containing all of the remaining recommendations of the Commission relative to the program. The Senate Substitute contained all of the Commission's recommendations for the Brownfield Program with an additional limitation that no more than $5 million in tax credits could be authorized each year for projects that receive benefits under the Distressed Areas Land Assemblage Program.

House Bill 116 (Representative Flanigan) - Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include the Brownfield Remediation Tax Credit reforms contained in the Senate Substitute for Senate Bill 280 (above). The bill was third read and passed by the Senate, but died in conference.

2011 Special Session –

Senate Bill 8 (Senator Mayer) – The bill was introduced and passed through the Senate with provisions which: placed a $40 million cap on authorizations of Brownfield Tax Credit for FY12-FY15 and limited projects that received tax credits under the Distressed Areas Land Assemblage

Program from receiving more than $10 million each year; placed a $35 million cap on authorizations after FY15 with a limit of no more than $5 million dollars per year to projects that received tax credits under the Distressed Areas Land Assemblage Program; and imposed a sunset of August 28, 2015. The House Committee Substitute removed the sunset provision but maintained the other provisions relative to the Brownfield Program. The bill was third read and passed by the House, but the Senate and House failed to agree on a final version of the bill.

Distressed Areas Land Assemblage

The TCRC recommended that the General Assembly prohibit the authorization of any new applications for tax credits.

2011 Legislation –

Senate Bill 280 (Senator Purgason) – All three versions of the bill prohibited the approval of new applications for tax credits in accordance with the recommendations of the Commission. The bill failed to pass the Senate.

House Bill 116 (Representative Flanigan) – Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include the prohibition on approval of new applications for tax credits contained in Senate Bill 280 (above). The bill was third read and passed by the Senate, but died in conference.

2011 Special Session –

Senate Bill 8 (Senator Mayer) – As introduced and passed by the Senate, the bill did not contain any modifications to the Distressed Areas Land Assemblage Program. The House Committee substitute added provisions to the bill which; expanded the definition of the terms “acquisition costs” and “eligible project area”; removed the 5 year limitation on maintenance costs; allowed a 100% tax credit for reasonable demolition costs; removed the time period for qualifying interest costs; allowed applicants to apply for tax credits on a quarterly basis; mandated the award of credits on a “first-come-first-serve” basis; increased the annual cap on tax credit issuance from $20 million to $30 million; limited the amount of tax credits available to certain eligible project areas to no more than 50% of the annual cap; and extended the sunset to August 28, 2016. The bill was third read and passed by the House, with the provisions added by the House Committee, but the Senate and House failed to agree on a final version of the bill.

Neighborhood Preservation Act

The TCRC recommended:

- The Elimination of the “first-come-first-served” requirement in favor of a targeted neighborhood-based approach that allows funding of the most high impact projects;
- The expansion of eligibility to neighborhood associations and other non-profit groups;
- The annual cap be reduced from $16 million to $12 Million;

- A requirement that residents of properties rehabilitated through the use of NPA credits reside in the home for at least five years following rehabilitation or reimburse the State the pro-rated share of the value of the credits.

2011 Legislation –

Senate Bill 280 (Senator Purgason) – The Senate Committee Substitute incorporated all of the recommendations of the Commission regarding the program except that it reduced the annual cap to $10 million rather than $12 million and allowed neighborhood associations to be eligible but not other non-profit groups. The Senate Substitute contained the same provisions as the Senate Committee Substitute, but failed to pass the Senate.

House Bill 116 (Representative Flanigan) - Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include the reforms to the Neighborhood Preservation Act contained in Senate Bill 280 (above). The bill was third read and passed by the Senate, but died in conference.

Senate Bill 100 (Stouffer) - Originally filed as legislation reauthorizing the residential treatment agency tax credit and establishing a similar tax credit for contributions to developmental disability care providers, the bill was modified in the House Economic Development Committee to include the reforms to the Neighborhood Preservation Act contained in Senate Bill 280 and House Bill 116 (above). The bill was third read and finally passed in the house, but was never truly agreed to and finally passed.

2011 Special Session -

Senate Bill 8 (Senator Mayer) – The introduced version of the bill prohibited the authorization of Neighborhood Preservation Tax Credits after the effective date of the act. The Senate Perfected version of the bill subjected Neighborhood Preservation Tax Credits to appropriation and limited the authorization of such credits to projects located within a county declared a federal disaster area at anytime during the thirty-six months following the declaration. The House Committee Substitute: removed the provisions subjecting the tax credits to appropriation and limiting authorizations to projects in federal disaster areas; and prohibited the authorization of Neighborhood Preservation Tax Credits after the effective date of the bill. The bill was third read and passed containing the applicable provisions from the House Committee Substitute, but the Senate and House failed to agree on a final version of the bill.

<u>New Markets</u>

The TCRC recommended the program not be reauthorized unless the federal program was and only after the General Assembly required a complete report regarding the program's effectiveness. The Commission also recommended the establishment of a pricing floor for the tax credit if it were reauthorized.

No legislative activity.

Rebuilding Communities

The TCRC recommended the elimination of the tax credit during the 2011 legislative session.

2011 Legislation –

Senate Bill 256 (Senator Kraus) – The bill repealed the Rebuilding Communities Tax Credit Program, but did not contain provisions which would have allowed the issuance or redemption of tax credits authorized prior to the effective date of the repeal. The bill failed to receive a hearing in the Senate.

Senate Bill 280 (Senator Purgason) – The introduced version of the bill repealed the program in the same manner as Senate Bill 256. Due to the inclusion of the Compete Missouri provisions in the Senate Committee Substitute and Senate Substitute, the bill prohibited authorizations under the program after August 28, 2011, but would allow for the issuance and redemptions of credits authorized prior to such date. The bill failed to pass the Senate.

2011 Special Session –

Senate Bill 8 (Senator Mayer) – The bill was introduced and passed the Senate with provisions establishing the Compete Missouri Program which would have prohibited authorizations of Rebuilding Communities Tax Credits after the effective date of the act. The Compete Missouri provisions were removed in the House Committee Substitute and the bill was third read and passed by the House without a provision eliminating the program. The Senate and House failed to agree on final version of the bill.

ECONOMIC DEVELOPMENT TAX CREDITS –

BUILD

The TCRC recommended that the General Assembly the minimum thresholds for eligibility and participation in the programs to 250 jobs (from 500 jobs) or 150 jobs (from 250 new jobs) in Distressed Areas for Office Projects and 75 new jobs (from 100 new jobs) for Manufacturers.

No legislative activity, but see "Unified Economic Development Program" below.

Quality Jobs

The TCRC recommended that the General Assembly modify the program to include an additional discretionary component for targeted industries, an option for up-front financing, and a tax benefit based upon capital investment. The up-front financing component would be subject to a statutory annual cap and would allow the department to issue refundable tax credits under a contract with the recipient containing performance benchmarks and clawback provisions. The Commission also

recommended the current job creation thresholds be lowered to 10 jobs for no more than a three-year period to promote economic recovery.

No legislative activity, but see "Unified Economic Development Program" below.

Enhanced Enterprise Zone

The TCRC recommended that the General Assembly modify the program to include a discretionary option for up-front financing similar to the recommendation for Quality Jobs. The Commission also recommended that the definition of distressed community be made more flexible to include extreme situations of blight and economic obsolescence.

No legislative activity, but see "Unified Economic Development Program" below.

MDFB Infrastructure

The TCRC recommended reducing the value of the credit from 50% to 35% and broadening the definition of "taxpayer" consistent with the recommendation for the Social/Contribution Tax Credits.

2011 Legislation –

Senate Bill 280 (Senator Purgason) – All three versions of the bill contained provisions reducing the value of the credit from 50% to 35% and broadening the definition of the term "taxpayer" in accordance with the recommendations of the Commission. The Senate Substitute failed to pass the Senate.

2011 Special Session –

Senate Bill 8 (Senator Mayer) –The introduced and Senate Committee Substitute versions of the bill imposed a sunset of August 28, 2014. The Senate Substitute prohibited the authorization of MDFB Infrastructure Tax Credits after the effective date of the act. The House Committee Substitute removed all provisions modifying the MDFB Infrastructure Tax Credit from the bill. The bill was third read and passed by the House without any provisions modifying the credit, but the Senate and House failed to agree on a final version of the bill.

Small Business Incubator Tax Credit

The TCRC recommended that the program be restructured as a grant program administered by the Missouri Technology Corporation. The grant program would be subject to appropriation have a private match requirement.

2011 Legislation –

Senate Bill 280 (Senator Purgason) – The introduced version of the bill repealed the Incubator Tax Credit Program. The Senate Committee Substitute and Senate Substitute versions of the bill

incorporated the Commission's recommendation to restructure the program into a grant program, but the bill failed to pass the Senate.

2011 Special Session –

Senate Bill 8 (Senator Mayer) - The bill was introduced and passed the Senate with provisions incorporating the Commission's recommendation to restructure the program into a grant program. The provisions were removed in the House Committee Substitute which was third read and passed by the House, but the two chambers failed to agree on a final version of the bill.

Development Tax Credit

The TCRC recommended the General Assembly create a more efficient design that retains the discretionary component of the credit. The Commission also recommended allowing additional benefits for higher paying jobs with health benefits, requiring proof of either a long-term lease or minimum amount of private capital investment, and rewarding companies with a significant likelihood for additional expansion.

No legislative activity, but see "Unified Economic Development Program" below.

Business Facility

The TCRC recommended the expansion of eligibility requirements to include targeted industries as well as allowing greater flexibility to calibrate the benefits based upon job creation, capital investment, and overall return to the State. The Commission also recommended the inclusion of an incentive based on capital investment alone.

No legislative activity, but see "Unified Economic Development Program" below.

Film Tax Credit

The TCRC recommended the elimination of the tax credit during the 2011 legislative session.

2011 Legislation –

Senate Bill 256 (Senator Kraus) – Repealed the Film Tax Credit, but did not include specific provisions allowing for the issuance or redemption of tax credits authorized prior to the effective date of the repeal. The bill failed to receive a committee hearing in the Senate.

Senate Bill 280 (Senator Purgason) – The introduced version of the bill repealed the Film Tax Credit in the same manner as Senate Bill 256. The provisions repealing the Film Tax Credit were removed in the Senate Committee Substitute and were not replaced in the Senate Substitute.

Rolling Stock

The TCRC recommended the elimination of the tax credit during the 2011 legislative session.

2011 Legislation –

Senate Bill 256 (Senator Kraus) – Repealed the Rolling Stock Tax Credit. in accordance with the recommendations of the Commission. The bill failed to receive a committee hearing in the Senate.

Senate Bill 280 (Senator Purgason) – All three versions of the bill repealed the Rolling Stock Tax Credit in accordance with the recommendations of the Commission, but the Senate Substitute version of the bill failed to pass the Senate.

Angel Tax Credit

The TCRC recommended the establishment of an Angel Tax Credit program to encourage equity investments in technology-based early stage Missouri companies with an annual cap of $4.5 million (available due to the elimination of the Film Production Tax Credit).

2011 Legislation –

Senate Bill 246 (Senator Lamping) – The bill would have established an Angel Tax Credit Program as recommended by the Commission. The bill was combined with four other pieces of legislation to form an omnibus economic development in the Senate Economic Development Committee. The omnibus bill was voted out of committee, but failed to pass the Senate.

2012 Legislation –

House Bill 1593 (Representative Tim Jones) – Established an Angel Tax Credit Program which would provide a tax credit equal to 50% of a taxpayer's cash investment in a Missouri business that is approved as a qualified Knowledge-based company. No more than $50,000 in credits could be awarded for investments in a single business and no more than $250,000 in credits could be awarded to a single investor. The program had an annual cap of $6 million dollars, but any credits that were not issued in a year could be carried over to the next year for use. The bill passed the House but was not voted out of Committee in the Senate.

Unified Economic Development Program

The TCRC recommended the replacement of the BUILD, Enhanced Enterprise Zone, Business Facility, and Missouri Quality Jobs programs with one unified program which would incorporate the following guiding principles:

- Positive return on investment
- Return on investment within a defined time period
- Focus on primary jobs
- Reward higher paying jobs
- Consider local participation
- Flexibility

- Simplicity
- Up-front financing
- Entitlement and discretionary components
- Broad applicability

2011 Legislation –

Senate Bill 279 (Senator Schmitt) – Established the Compete Missouri Program which incorporated the Commission's recommendations for a unified economic development program by combining the State's 6 existing business development programs into one program with: uniform definitions; discretionary and entitlement components; an option for up-front financing; and recapture requirements. The bill was voted out of Committee, but was not debated on the Senate Floor.

Senate Bill 280 (Senator Purgason) – The Senate Committee Substitute and Senate Substitute versions of the bill incorporated the Compete Missouri Program provisions contained in Senate Bill 279. The Senate Substitute failed to pass the Senate.

House Bill 116 (Flanigan) – Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include the Compete Missouri Program Provisions contained in Senate Bills 279 and 280. The bill was third read and passed by the Senate, but died in conference.

2011 Special Session –

Senate Bill 8 (Senator Mayer) – The bill was introduced and passed the Senate with provisions identical to those contained in the third read and passed version of House Bill 116 (above) which established the Compete Missouri program. The Compete Missouri program was removed from the bill in the House Committee Substitute and replaced with provisions that modified the Missouri Quality Jobs Act to provide: an up-front financing option; recapture requirements; and an increase job retention incentive. The bill was third read and passed by the House, but the two chambers failed to agree on a final version of the bill.

2012 Legislation –

Senate Bill 794 (Senator Schmitt)– Established the Missouri Works Program which incorporated the Commission's recommendations for a unified economic development program by combining the State's 6 existing business development programs into one program with: uniform definitions; discretionary and entitlement components; and recapture requirements. The program was modeled after the Compete Missouri Program, but did not contain an up-front financing option. The bill received a hearing in the Senate Jobs, Economic Development and Local Government Committee but was not voted out of the committee.

House Bill 1710 (Representative Hough) – As introduced, the bill was identical to Senate Bill 794 (above), but the House Committee Substitute removed the prohibition of authorizations of Business Facility and BUILD Tax Credits from the Bill. The bill was voted out of the House Economic Development Committee and the House Rules Committee, but failed receive debate on the House Floor.

Resolution Urging Congressional Action on State Incentives

The TCRC recommended that the General Assembly send a resolution to Congress urging action to prevent a continued arms-race of interstate competition with taxpayer-funded economic incentives.

No legislative activity

HISTORIC PRESERVATION –

The TCRC recommended that beginning July 1, 2011 the Historic Tax Credit program's annual cap be reduced from $140 million to $75 million with transition rules to ensure no harm is done to projects currently underway. The transition rules would require an "expenditure test" in which applicants that incurred project expenses exceeding the lesser of 15% of the total project costs or three million dollars would be grandfathered in under the current cap. Applicants successfully meeting the "expenditure test' would remain subject to the current $140 million cap if the project met one of three criteria indicating that project was a distressed project including developer ownership and projects contemplating the rehabilitation of foreclosed property. The Commission also recommended:

- The cap on non-income producing single family owner occupied projects be reduced $50,000 and only be available to projects with a purchase price equal to or less than $150,000;
- The prohibition of stacking 9% LIHTC's or Neighborhood Preservation Tax Credits with Historic Credits;
- The exclusion of historic credits used in projects that utilize 4% LIHTC's from calculation of the new $75 million dollar cap;
- A prohibition on issuance of credits for expenses that have been incurred but not paid;
- A requirement that developer fees are proven to have been paid during the construction period or prior to the submission of the cost certification in order to be considered qualified rehabilitation expenses.

2011 Legislation –

Senate Bill 258 (Senator Kraus) – The bill reduced the annual cap on Historic Tax Credits to $75 million beginning FY13, without a small project exemption. The act provided transition rules to "grandfather" projects similar to those enacted when the $140 million dollar cap was enacted. The legislation prohibited the department from issuing more than fifty thousand dollars in

historic preservation tax credits per project for non-income producing residential rehabilitation projects. Non-income producing residential rehabilitation projects involving a subject property with a purchase price in excess of one hundred fifty thousand dollars would be ineligible for tax credits. The act also prohibited the stacking of historic preservation tax credits with neighborhood preservation tax credits or low-income housing tax credits. The bill was referred to the Senate Ways and Means and Fiscal Oversight Committee, but did not receive a hearing.

Senate Bill 280 (Senator Purgason) – The introduced version of the bill: imposed a $75 million cap on authorizations with transition rules, similar to those enacted when the $140 million cap was enacted; prohibited the department from issuing more than fifty thousand dollars in historic preservation tax credits per project for non-income producing residential rehabilitation projects; rendered non-income producing residential rehabilitation projects involving a subject property with a purchase price in excess of one hundred fifty thousand dollars ineligible for tax credits; and prohibited stacking historic preservation tax credits with low income housing or neighborhood preservation tax credits. The Senate Committee Substitute added provisions which: excluded low income housing projects financed, at least partially, through tax exempt bond issuance from the $75 million annual cap; required payment of costs for tax credit issuance; and reduced the carry-forward and carry-back provisions in accordance with the Commission's recommendations. The Senate Substitute added a requirement that applicants inform the department of economic development of any change in ownership following the preliminary approval of the project.

House Bill 116 (Flanigan) - Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include the Historic Preservation Tax Credit reforms contained in the Senate Substitute for Senate Bill 280 (above). The bill was third read and passed by the Senate, but died in conference.

Senate Bill 100 (Stouffer) - Originally filed as legislation reauthorizing the residential treatment agency tax credit and establishing a similar tax credit for contributions to developmental disability care providers, the bill was modified in the House Economic Development Committee to include provisions which: imposed a $115 million cap on authorizations of Historic Preservation Tax Credits with a small project exemption and transition rules similar to those enacted when the $140 million cap was enacted; excluded low income housing project financed, at least partially, through tax exempt bond issuance from being subject to the new $115 million annual cap; prohibited the department from issuing more than two hundred fifty thousand dollars in historic preservation tax credits per project for non-income producing residential rehabilitation projects; rendered non-income producing residential rehabilitation projects involving a subject property with a purchase price in excess of four hundred thousand dollars ineligible for tax credits; provided that certain expenses for the rehabilitation of an historic structure that are incurred by a taxpayer for up to one year before the submission date of a preliminary application for an historic structures rehabilitation tax credit may be deemed qualified expenses but are incurred at the taxpayer's risk; allowed taxpayers to appeal any

official decision on a preliminary or final application to an independent third-party appeals officer designated by the department; and required that at least 20% of the fees collected from recipients of tax credits and other moneys deposited into the Economic Development Advancement Fund be used for administration of the Historic Structures Rehabilitation Tax Credit Program, to be divided equally between the Department of Economic Development and the State Historic Preservation Fund. The bill was third read and finally passed in the House, but was never truly agreed to and finally passed.

2011 Special Session –

Senate Bill 8 (Senator Mayer) - The bill was introduced and passed out of the Senate Committee with provisions which: prohibited DED from approving more than $80 million in Historic Preservation Tax Credits each fiscal year, for projects receiving more than $275,000 in tax credits; prohibited DED from approving more than $10 million in Historic Preservation Tax Credits each fiscal year, for projects receiving less than $250,000 in tax credits; established transition rules for the implementation of the new caps; limited non-income producing single family owner-occupied residential property projects to no more than $125,000 in tax credits per project; reduced the carry-forward and carry-back features of the credit in accordance with the Commission's recommendations; prohibited the stacking of Historic Preservation Tax Credits with State 9% LIHTC's; allowed Historic Preservation Tax Credits to be transferred to non-profits; required the issuance of 75% of the amount of the tax credit award within 45 days of the receipt of the application for final approval with the remaining 25% to be issued within 150 days; established a third-party appeals process to contest tax credit determinations; and imposed a sunset of August 28, 2018. The Perfected Senate Substitute removed the provisions establishing a third-party appeals process and requiring mandatory issuance of 75% and 25% following receipt of the application for final approval. The House Committee Substitute replaced the provisions that were removed in the Perfected Senate Substitute, but removed the sunset from the program. The bill was third read and passed in the House, but the two chambers failed to agree on a final version of the bill.

2012 Legislation –

Senate Bill 548 (Senator Purgason) – The Senate Committee Substitute included provisions which: prohibited DED from approving more than $75 million in Historic Preservation Tax Credits each fiscal year, for projects receiving more than $275,000 in tax credits; prohibited DED from approving more than $10 million in Historic Preservation Tax Credits each fiscal year, for projects receiving less than $250,000 in tax credits; established transition rules for the implementation of the new caps; limited non-income producing single family owner-occupied residential property projects to no more than $125,000 in tax credits per project; reduced the carry-forward and carry-back features of the credit in accordance with the Commission's

recommendations; prohibited the stacking of Historic Preservation Tax Credits with State 9% LIHTC's; and imposed a sunset of August 28, 2018. The bill failed to pass the Senate.

LOW INCOME HOUSING TAX CREDITS –

State Low Income Housing Tax Credit Program (LIHTC)

The TCRC recommended:

- Reducing the term of the credit from 10 years to 5 years as well as an analysis of future reductions of the term to 3-years and ultimately 1-year;
- Imposing a cap on 9% credits equal to $16 million per year over a 5-year term;
- Elimination of the 4% credit;
- Making the credits certificated and transferrable;
- Prohibiting stacking LIHTC's with Historic Preservation Tax Credits; and
- Allowing a project to earn tax credits from the point the first unit of low income housing is leased.

2011 Legislation –

Senate Bill 256 (Senator Kraus) - Beginning January 1, 2012, the bill reduced the period of time in which low-income housing tax credits are allowed to a five-year period and limits the total amount of low-income tax credits issued annually to no more than sixteen million dollars. After January 1, 2012, priority would be given, in the issuance of low-income housing tax credits, to taxpayers that have not received such credits within five years. The issuance of four percent low-income housing tax credits would be prohibited after January 1, 2012. The act also prohibited stacking low-income housing tax credits with historic preservation tax credits. The bill was referred to the Senate Ways and Means and Fiscal Oversight Committee, but did not receive a hearing.

Senate Bill 280 (Senator Purgason) – The introduced version of the bill: reduced the term of the credit from 10 years to 3 years; imposed a cap on authorizations of 9% credits equal to $16 million per year, beginning January 1, 2012; eliminated the 4% tax credit; prohibited stacking LIHTC's with State Historic Preservation Tax Credits; and sunset the program effective August 28, 2015. The Senate Committee Substitute modified provisions of the introduced version to: increase the term of the credit to the Commission's recommendation of 5 years; allowed projects to earn credits from the point the first unit of low income housing is leased; reduced the carry-back provision from 3 years to 2 years. The Senate Substitute contained the same provisions as the Senate Committee Substitute, but failed to pass the Senate.

House Bill 116 (Representative Flanigan)– Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include same provisions contained in the Senate Substitute for Senate Bill 280 (above). During floor debate in the Senate, Senator Schaffer offered Senate Amendment No. 16 which: increased the annual cap on 9% credits to $100 million ($20 million over a 5 year term) and eliminated the carry-back, but allowed the credits to be carried-forward 5 years. The amendment was adopted by the Senate and the bill was third read and passed by the Senate, but died in conference.

Senate Bill 100 (Stouffer) - Originally filed as legislation reauthorizing the residential treatment agency tax credit and establishing a similar tax credit for contributions to developmental disability care providers, the bill was modified in the House Economic Development Committee to include provisions which: required the authorization of $110 million in low income housing tax credits annually excluding authorizations of 4% LIHTC's; decreased the annual cap on authorizations of 4% LIHTC's from $6 million to $3 million; and reduced the carry-back provision from 3 years to 2 years. The bill was third read and finally passed in the House, but was never truly agreed to and finally passed.

2011 Special Session –

Senate Bill 8 (Senator Mayer) – The bill was introduced and voted out of the Senate Committee with provisions that: placed a $110 million fiscal year cap ($11 million over 10 years) on the authorization of 9% LIHTC' beginning FY12; limited authorizations of 4% LIHTC's to no more than $20 million ($2 million over 10 years) for each fiscal year from FY12-FY15; prohibited stacking 9% LIHTC's with Historic Preservation Tax Credits; reduced the carry-back from 3 years to 2 years; and imposed a sunset of August 28, 2018. The Perfected Senate Substitute added provisions that: phased in a cap on 9% LIHTC's that started at $110 million and ended at $75 million beginning in FY15; and instituted a $15 million cap on authorizations of 4% credits for FY12 which would be reduced by $5 million each subsequent fiscal year until FY15 at which time no more 4% credits could be authorized. The House Committee Substitute reverted to the provisions of the introduced version of the bill, but without a sunset on the program. The bill was third read and passed by the House, but the two chambers failed to agree on a final version of the bill.

2012 Legislation –

Senate Bill 548 (Senator Purgason) –The Senate Committee Substitute incorporated the provisions of the Perfected version of Senate Bill 8 from special session which modified provisions of the Low Income Housing Tax Credit Program. The bill failed to pass the Senate.

<u>Affordable Housing Assistance Program (AHAP):</u>

The TCRC recommended:

- Changing the distribution of the $11million annual program cap between the eligible categories by reducing Production Assistance from $10 million to $8.5 million and increasing Operating Assistance from $1 million to $2.5 million;
- Eliminating the restrictive language of eligible donors and expanding the definition of "taxpayer" to maximize the donor pool; and
- Reducing the percentage of the AHAP credit from 55% to 40%.

2011 Legislation –

Senate Bill 280 (Senator Purgason) – The introduced version of the bill: reduced the percentage of the AHAP credit from 55% to 40%. The Senate Committee Substitute added provisions: expanding the definition of "taxpayer" in accordance with the Commission's recommendation; and changing the distribution of the $11 million annual program cap by reducing the Production Assistance from $10 million to $8.5 million and increasing the Operating Assistance from $1 million to $2.5 million. The Senate Substitute contained the same provisions as the Senate Committee Substitute, but failed to pass the Senate.

House Bill 116 (Representative Flanigan) - Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include same provisions contained in the Senate Substitute for Senate Bill 280 (above). The bill was third read and passed by the Senate, but died in conference.

PROPERTY TAX CREDIT –

The TCRC recommended that the renter's credit be eliminated.

2011 Legislation –

Senate Bill 140 (Senator Crowell) – Repealed the provisions of the Missouri Property Tax Credit, commonly referred to as the circuit breaker tax credit, which allow renters to receive the property tax credit for rent constituting taxes paid. The bill was referred to the Senate Ways and Means and Fiscal Oversight Committee, but did not receive a hearing.

Senate Bill 280 (Senator Purgason) - All three versions of the bill repealed the tax credit for renters provided under the Missouri Property Tax Credit. The Senate Substitute failed to pass the Senate.

House Bill 116 (Representative Flanigan) - Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include same provisions contained in the Senate Substitute for Senate Bill 280 (above). The bill was third read and passed by the Senate. In the Senate Conference Committee Substitute, the renter's credit was repealed and the director of the department of revenue to annual request the amount attributable to the renter's credit in FY 2011 be transferred from the general revenue fund into

the Missouri Senior Services Protection Fund for appropriation to the Missouri Rx Plan. The bill died in conference.

Senate Bill 100 (Senator Stouffer) - Originally filed as legislation reauthorizing the residential treatment agency tax credit and establishing a similar tax credit for contributions to developmental disability care providers, the bill was modified in the House Economic Development Committee to include provisions which gradually phased-out the tax credit for renters under the Missouri Property Tax Credit such that no renter credits would be available after January 1, 2015. During floor debate in the House, Representative Talboy offered House Amendment No. 2 which repealed the property tax credit for renters and required the director of the department of revenue to annual request the amount attributable to the renter's credit in FY 2011 be transferred from the general revenue fund into the Missouri Senior Services Protection Fund for appropriation to the Missouri Rx Plan. The amendment was adopted, and the bill was third read and finally passed in the House, but was never truly agreed to and finally passed.

2011 Special Session –

Senate Bill 8 (Senator Mayer) – The bill was introduced and passed out of the Senate Committee containing provisions which repealed the tax credit for renters provided under the Missouri Property Tax Credit. The provisions were removed from the bill in the Perfected Senate Substitute and the House never put the provisions back into the bill.

2012 Legislation –

Senate Bill 548 (Senator Purgason) –The Senate Committee Substitute incorporated the provisions of the Perfected version of Senate Bill 8 from special session which repealed the tax credit for renters provided under the Missouri Property Tax Credit. The bill failed to pass the Senate.

Senate Bill 675 (Senator Crowell) – Repealed the renter's credit under the Missouri Property Tax Credit. The bill was voted out of the Senate Ways and Means and Fiscal Oversight Committee, but did not pass the Senate.

SOCIAL AND CONTRIBUTION TAX CREDITS –

Credit Value

The TCRC recommended that the credit values for Social and Contribution tax credits be reduced from 70% to 50% and from 50% to 35%.

2011 Legislation –

Senate Bill 280 (Senator Purgason) – All three versions of the bill incorporated the Commission's recommendations to reduce credit values for Social/Contribution Tax Credits. The Senate Substitute modified the reductions to credit value such that the reduced value would only apply to the portion of contribution that exceeded $1,000. The Senate Substitute failed to pass the Senate.

House Bill 116 (Representative Flanigan) - Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include same provisions contained in the Senate Substitute for Senate Bill 280 (above). During floor debate in the Senate, Senator Lamping offered Senate Amendment No. 11, which removed all provisions which reduced the credit value of social tax credit programs. The amendment was adopted and the bill was third read and passed. The provisions were not replaced in the Senate Conference Committee Substitute, which died in conference.

Increased Donor Pool

The TCRC recommended:

- The definitions of taxpayer be broadened and conformed to allow additional donors to participate;
- Allowing social and contribution tax credits to be transferable; and
- The elimination or increase of "per contribution" limits.

2011 Legislation –

Senate Bill 280 (Senator Purgason) – All three versions of the bill expanded the definitions of "taxpayer" in accordance with the Commission's recommendation. The Senate Committee Substitute added provisions which allowed social and contribution tax credits to be transferred. The Senate Substitute incorporated the Commission's recommendations to eliminate "per contribution" limits. The Senate Substitute failed to pass the Senate.

House Bill 116 (Representative Flanigan) - Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include same provisions contained in the Senate Substitute for Senate Bill 280 (above). During floor debate in the Senate, Senator Lamping offered Senate Amendment No. 11 which removed all provisions which: broadened the definition of taxpayer; allowed credits to be transferred; and eliminated "per contribution" caps for all social/contribution tax credits except the MDFB Infrastructure, Healthcare Access Fund, Food Pantry and Residential Treatment Agency Tax Credits. The amendment was adopted and the bill was third read and passed. The provisions were not replaced in the Senate Conference Committee Substitute, which died in conference.

Transfer Charge

The TCRC recommended that the value of a transferred credit should be reduced to save state funds.

2011 Legislation –

Senate Bill 280 (Senator Purgason) – The Senate Committee Substitute added provisions which allowed social and contribution tax credits to be transferred subject to a ten percent reduction in value. The transfer charge provisions were removed from the bill in the Senate Substitute, which failed to pass the Senate.

Sunsets on All Social and Contribution Programs

The TCRC recommended a standard six year sunset for all social and contribution tax credits. The Commission also specifically recommended that the General Assembly allow the Family Development Account, Healthcare Access Fund, Commercial and Residential Disabled Access, Public Safety Surviving Spouse tax credits to sunset.

2011 Legislation –

Senate Bill 185 (Senator Purgason) – Imposed a sunset of January 1, 2013, upon all tax credit programs which as of the effective date of the legislation were not subject to the provisions of the sunset act. The bill allowed tax credits to be issued and redeemed for projects authorized prior to the sunset date. The bill was referred to the Senate Ways and Means and Fiscal Oversight Committee, but failed to receive a hearing.

Senate Bill 259 (Senator Kraus) – Subjected all tax credit programs to the sunset provisions recommended by the TCRC. The bill was referred to the Senate Ways and Means and Fiscal Oversight Committee, but failed to receive a hearing.

Senate Bill 280 (Senator Purgason) – The introduced version of the bill subjected all tax credit programs to the sunset provisions recommended by the TCRC. The Senate Committee Substitute for the bill reduced the sunset on social/contribution credits by two years (August 28, 2015). The Senate Substitute maintained the sunset provisions contained in the Senate Committee Substitute, but failed to receive approval from the full Senate.

House Bill 116 (Representative Flanigan) - Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include the sunset provisions contained in the Senate Committee Substitute and Senate Substitute versions of Senate Bill 280 (above). The bill was third read and passed by the Senate, but died in conference.

2011 Special Session –

Senate Bill 8 (Senator Mayer) – The bill was introduced and passed the Senate containing provisions that imposed a sunset of August 28, 2015, on all social tax credit programs. The House Committee Substitute removed all sunset provisions contained in the Senate versions of the bill except for the August 28, 2015 sunsets for: the Pregnancy Resource Center; Residential Treatment Agency; Food Pantry; Children in Crisis; Public Safety Surviving Spouse; and

Residential Dwelling Access tax credits. The bill was third read and passed, but the House and Senate failed to agree on a final version of the bill.

2012 Legislation –

House Bills 1278 & 1152 (Representative Long) – The bill extended the sunsets on the Public Safety Surviving Spouse; Residential Dwelling Access; and Food Pantry Tax Credits to December 31, 2014. The bill also extended the sunsets on the Children in Crisis, Pregnancy Resource Center, and Residential Treatment Agency Tax Credits to December 13, 2013 and established a new tax credit for contributions to developmental disability care providers. The bill passed the House and was taken up on the Senate Floor, but failed to pass the Senate.

House Bill 1172 **(Representative Franz) –** The bill extended the sunset on the Residential Treatment Agency Tax Credit from August 28, 2012 to December 31, 2015 and established a new tax credit for contributions to developmental disability care providers. The bill was truly agreed to and finally passed and signed into law by the Governor.

Special Needs Adoption and Children in Crisis

The TCRC recommended that international adoptions be excluded from eligibility for special needs adoption tax credits.

2011 Legislation –

Senate Bill 280 (Senator Purgason) – The Senate Substitute added a provision which made nonrecurring adoption expenses incurred as a result of an international adoption ineligible for special needs adoption tax credits. The Senate Substitute failed to pass the Senate.

House Bill 116 (Representative Flanigan) - Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include the provisions prohibiting special needs adoption tax credits for expenses incurred as a result of international adoption. The bill was third read and passed by the Senate, but died in conference.

2011 Special Session –

Senate Bill 8 (Senator Mayer) – The bill was introduced and passed the Senate and House with provisions that made nonrecurring adoption expenses incurred as a result of an international adoption ineligible for special needs adoption tax credits.

Food Pantry Tax Credit

The TCRC recommended the current per-donor limit be increased to $10,000 for food donations and $50,000 for cash donations.

2011 Legislation –

Senate Bill 280 (Senator Purgason) – The Senate Committee Substitute incorporated provisions increasing the per-donor limit in accordance with the recommendations of the Commission. The Senate Substitute removed the per-donor cap on cash donations and maintained the $10,000 limit for contributions of food. The Senate Substitute failed to pass the Senate.

House Bill 116 (Representative Flanigan) - Originally introduced as tax amnesty legislation, the bill was modified in the Senate Ways and Means Committee to include the provisions contained in the Senate Substitute for Senate Bill 280 which increased the per-donor limit for food contributions to $10,000 and eliminated the per-donor limit for cash contributions. The bill was third read and passed by the Senate, but died in conference.